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## SEARCHING FOR STABLE PEACE IN THE PERSIAN GULF

Kenneth Katzman

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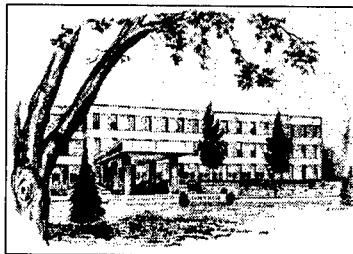
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**SEARCHING FOR STABLE PEACE  
IN THE PERSIAN GULF**

**Kenneth Katzman**

**Edited by  
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## **BIOGRAPHICAL SKETCH OF THE AUTHOR**

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## **SEARCHING FOR STABLE PEACE IN THE PERSIAN GULF**

### **Introduction.**

The Persian Gulf region continues to be plagued by instability, and is subject to erupt in crisis on short notice. Iraq sees itself as the guardian of the Arab world's eastern flank, and Iran sees itself as a well-developed civilization with a long Gulf coastline, entitled to police the region. Regimes now in power in both countries have staked their legitimacies on ensuring their independence from great power influence, even though this goal has brought extraordinary costs to both.<sup>1</sup>

The current U.S. policy of "dual containment" of both Iran and Iraq is temporarily useful, to the extent that it rejects the past policy of alternately promoting Iran or Iraq as U.S. surrogates in the Gulf. That strategy contributed to the Shah's unpopularity within Iran and ultimate downfall. Later, the policy may have emboldened Saddam Hussein to believe that seizing Kuwait would not incur significant U.S. opposition, or that he might even receive U.S. approval. These outcomes, and others like them, are an almost inevitable outgrowth of the inherently competitive system the United States has relied on in the Gulf.

Although dual containment does not, as previous U.S. policy did, depend on natural animosity between Iran and Iraq, it does assume hostility between the United States and the regimes in power in those two countries. Because the task of containing Iran and Iraq falls squarely on the shoulders of the United States, the dual containment strategy comes with high costs and high risks to the United States and the Persian Gulf allies on which the strategy depends.

Rather than making adjustments to what remains an essentially competitive Gulf security system, some thought should be given to a completely new paradigm that promotes peaceful cooperation among the Persian Gulf

parties. Although it is difficult to envision a cooperative system while the current regimes are still in power in Iran and Iraq, a comprehensive diplomatic vision for the region could seek to modify the ambitions of Baghdad and Tehran for regional hegemony, and reduce the size of the U.S. presence needed in the Gulf, as well as the need for comprehensive economic sanctions on these rogue states. Over the longer term, creating a cooperative system in the Gulf could eventually produce less ambitious regimes in Iran and Iraq. A new approach could begin with U.S.-led multilateral talks—covering all outstanding issues—among the United States, the Gulf monarchies, and Iran and Iraq.

### **The Persian Gulf Security System.**

The Middle East can be analyzed as two distinct systems—the Arab-Israeli conflict system and the Persian Gulf system. The Gulf system is composed of Iran, Iraq, the Persian Gulf monarchies that belong to the Gulf Cooperation Council (GCC—Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, Qatar, and Oman) and, more recently the United States. Of course, there is substantial overlap between these two systems. Iraq has participated in most of the Arab-Israeli wars, Iran supports groups attempting to derail the Arab-Israeli peace process, Israel attacked Iraq's Osirak reactor in 1981, and the GCC countries have participated in the Arab boycott of Israel. Numerous other examples can be cited.

If we accept the application of a systems-level analysis,<sup>2</sup> then numerous implications for U.S. policy flow directly from that analysis. First and foremost, a systems-level analysis implies that policy toward any one component of the system automatically affects the other components of the system. In the case of the Persian Gulf, for example, a change in policy toward Iran inevitably necessitates adjustments in strategy toward Iraq and the GCC states. The net result is that U.S. policy needs to address the entire system, not merely individual component parts of that system. In the Arab-Israeli dispute, for example, the United

States has long sought a comprehensive peace between Israel and its neighbors, recognizing that one or two selective peace treaties will not produce lasting peace in that part of the world.

The Gulf security system has been characterized by an unstable balance of power between the two potential hegemonies, Iran and Iraq. Both Iran and Iraq harbor aspirations of dominating the security system in the Gulf that each believes now works to its disadvantage. Because each strives constantly to dominate, the balance of power is continually destabilized. Because they are aspiring to be hegemonies, Iran and Iraq agree that the United States or other outside actors should be excluded from a role in Gulf security. Both want to remove from the structure any outside elements, such as the United States, that would act to obstruct their drives for Gulf hegemony.

It can be argued that, to some degree, the security structure favored by the United States for most of the post-World War II period contributed to the emergence of the adversarial and competitive system that has produced virtually uninterrupted instability in the Gulf for at least the past two decades. The perpetuation of a competitive system, in turn, might have helped bring about the aggressive regimes now in power in both Iran and Iraq.

It made sense to policymakers and observers at the time that, in the Cold War environment, and with the United States bogged down in a deteriorating effort in Vietnam in the 1960s, the United States would need to rely on local "surrogates" that could protect U.S. interests without direct U.S. involvement. This strategic choice, the so-called "Nixon Doctrine," which built on initiatives well under way at the time, drastically underestimated Iranian and Iraqi nationalism and Iraq's latent technological prowess. The policy also overestimated the staying power of the Shah's regime and the threat to U.S. Middle East interests posed by the Soviet Union.

The Shah of Iran seemed the perfect choice to play the role of U.S. surrogate in the Gulf. The United States had



already preserved his regime in 1953 against a significant threat by nationalist elements led by then Prime Minister Mohammad Mosadeq. The Shah was anti-Communist, he was willing to build a large army with U.S. equipment, advice, and training, and he could be accommodated under Israel's "strategy of the periphery"—the building of relationships with non-Arab states in the region to blunt the threat to Israel from neighboring Arab states. (As is well known, Iran is not an Arab state.)

Iraq in the late 1960s and early 1970s was a poor candidate for closer relationships with the United States. In July 1968, it fell under the control of the Arab socialist Ba'th Party, and built increasingly close ties to Moscow. Iraq signed a treaty of friendship with the Soviet Union in 1972. Iraq was also supportive, as were most of the Arab states at that time, of continued armed struggle against Israel; it backed radical Arab terrorist organizations and participated in the October 1973 war against the Jewish state. Even had Iraq's ideology been different, Iraq as a state was widely considered too divided among Kurds, Sunni Arabs, and Shiite Arabs to represent a viable pillar of U.S. policy in the Gulf.

The U.S. effort to promote the Shah of Iran—and thus to keep in place an essentially adversarial Gulf security system—yielded major unintended and unwanted consequences. In May, after his December 1971 visit to Iran, President Nixon issued a major directive stating that it was U.S. policy to support the Shah's military requirements and his insistence that the United States break off contacts with Iran's opposition. U.S. military personnel in Iran at the time were aware that the U.S. advisory presence in Iran was set to grow exponentially. Fearing growing Iranian power, in 1973 Iraq's Saddam Hussein, then Vice-Chairman of the Revolutionary Command Council (Iraq's highest body), began channeling Iraq's oil revenues into fledgling weapons of mass destruction efforts. Apparently believing that Iraq's President Ahmad al-Bakr, an aging military leader, was too weak to hold off the Shah's burgeoning hegemony in the

Gulf, Saddam Hussein laid the groundwork during the 1970s to assume supreme power himself.

On the Iranian side, pointing to the ever closer relationship with the United States, pro-Khomeini revolutionaries were able to make the case inside Iran that the Shah had sold out the Iranian nation to the whims of great powers—in this case the United States. The Shah's fate was sealed; he fell in February 1979. Five months later, with Iraqis recognizing that Iraq needed a strong leader to ensure against a disorganized but renewed and fervent Iran, Saddam assumed supreme leadership in Ba'thist Iraq. According to a systems analysis, the Gulf security system that rewarded and encouraged adversity between Iran and Iraq had, as was inevitable, produced two strong adversaries—Saddam and Khomeini. A system, tending towards hegemony, produces hegemons.

Saddam, striking first in September 1980, drew on the technological base he had nurtured since the early 1970s, as well as tacit U.S. support. Although still uncomfortable with Saddam, the United States recognized him, at that time, as the lesser of two evils. With international support and Iraq's underestimated resources, Saddam was able to capitalize on Iranian military mistakes and gained the upper hand in the Iran-Iraq war by early 1988.

The end of the Iran-Iraq war marked a crucial turning point in the Gulf. Saddam, like most Gulf observers, assumed that the Gulf security system, as constituted, could not tolerate a power vacuum, and that the United States could not approve of a power vacuum there, either. The United States had tacitly supported him against the Islamic Republic during the war. It is reasonable to assume therefore, that Saddam convinced himself that the United States would accept him as the new U.S. surrogate, the anointed hegemon.

Saddam could explain his decision to invade Kuwait in this context. Because he looked on himself as the new U.S. surrogate in the Gulf, he probably also believed that any action he took to strengthen his position in the area would

be accepted, and perhaps even rewarded, by the United States. In Saddam's mind, seizing Kuwait would improve his access to the Gulf, and thus his continued ability to keep the revolutionary Islamic Republic in check. Saddam might have believed that taking Kuwait not only would produce no U.S. opposition, it might even earn him U.S. approval. From the U.S. standpoint, Saddam's logic was twisted, and the United States quickly disabused him of the notion that he would earn U.S. favor from aggression in the Gulf. Nonetheless, it is valid to pose the question whether or not the underlying structure of the Gulf security system—and not statements from U.S. Ambassador April Glaspie, or President George Bush, or any other U.S. official—led Saddam to believe that his drastic action against Kuwait would go unchallenged.

### **The Dual Containment Modification.**

The Clinton administration recognized that the previous 25 years of U.S. policy in the Gulf had contributed to, if not created, the perpetual instability and crises in the Gulf. The administration articulated a new policy of "dual containment" of Iran and Iraq, advertising it as a sharp departure from previous attempts to balance those two countries.<sup>3</sup> Dual containment, according to the administration, would reduce the threat from the would-be hegemon by seeking to keep both of them weak, rather than alternately promoting one or the other as a U.S. surrogate in the Gulf. Dual containment was also advertised as a means of "sealing off" the Arab-Israeli peace process from efforts by (primarily) Iran to destroy it.

It can be argued, however, that the policy shift represented more an alteration within the overall prevailing paradigm of promoting competition among the players in the Gulf, rather than a transition to a new paradigm for Gulf security. Dual containment, in essence, declared that the United States would now pit itself against both Iran and Iraq, rather than pit Iran against Iraq, and vice versa. The United States itself would act to obstruct the ambitions of either regional power, rather than delegate the

role of anti-hegemon to Iran or Iraq alternatively. What had been, for all practical purposes, a two-sided system consisting of Iran and Iraq, had now become a three-sided system consisting of Iran, Iraq, and the United States (along with its GCC allies). The character of the system, however had not changed—it was still based on competition, not cooperation.

The dual containment strategy did represent some improvement over previous policy because it recognized the potential for major imbalances of power in the Gulf. Designating a local U.S. surrogate in the Gulf implied that the United States would accept, or even desire, hegemony by its “favored party of the moment.” The United States saw, particularly in the case of Iraq, that once one of the hegemonies felt it enjoyed U.S. favor, its potential for acting contrary to U.S. interests was difficult to control. Even the Shah, who was a much closer U.S. ally than Saddam could ever become, could not be completely controlled. In 1971, as the British were withdrawing from the Gulf, he forcibly seized the Greater and Lesser Tunb islands then held by the emirate of Ras al-Khaymah and, in 1972, intimidated the emirate of Sharjah into negotiating shared control over the island of Abu Musa. These islands are nearly uninhabited and the United States, because it saw the Shah as its major regional ally, did not protest the seizure. This inaction complicates the U.S. position to this day, as the Islamic Republic has exercised ever increasing control over Abu Musa. Under dual containment, the United States opposes hegemony by either Iran or Iraq, a posture that avoids any unintended signals of U.S. support or encouragement for Iranian or Iraqi expansionism in the Gulf.

### **Theory Versus Political Realities.**

The concept of dual containment ran into difficulty in practice. At the time dual containment was announced as policy (May 1993), comprehensive international sanctions were in place against Iraq (and still are), sealing off that country from any ability to emerge as a threat to its neighbors. No similar program was—or is—in place to

contain Iran. After the administration announced dual containment, scholars criticized the strategy as unworkable, arguing that the same isolation efforts could not be applied simultaneously to two countries as different as Iran and Iraq,<sup>4</sup> and that the threats posed by the two were not equivalent.

Partly in response to these criticisms—and possibly due to State Department reservations about the policy concept itself<sup>5</sup>—administration statements softened, even going so far as to say the United States was not seeking to prevent all military equipment from reaching Iran.<sup>6</sup> These statements might have represented an effort to lower expectations for the policy. The United States and its European allies had agreed not to provide Iran with conventional weapons or significant militarily-useful technology, but other suppliers, such as Russia, China, North Korea, and former East bloc nations, were bound by no similar constraints. In addition, some State Department officials appear to resent the limited role for diplomacy inherent in dual containment. The policy relies heavily on economic sanctions and military deterrence of Iran and Iraq. Some U.S. diplomats no doubt believe there is a role for diplomacy in even the most intractable of international problems and with even the most isolated and difficult of regimes. Dual containment, to some extent, repudiates that view.

There has been a role for U.S. diplomacy in pressing Iran's suppliers not to provide arms or technology to Iran. However, U.S. pressure on Russia, China, and North Korea not to arm Iran became inexorably linked to the many other issues in the bilateral relationships these states have with the United States. In January 1995, despite substantial administration and congressional pressure, Russia signed a contract with Iran to build up to four nuclear reactors in Iran, starting with the reactor at Bushehr that was begun by German firms in 1974. The administration persuaded Russia not to provide uranium-enriching technology under the contract but, in the interest of strengthening President Boris Yeltsin, the United States has not cut off U.S. aid to Russia. In North Korea, the U.S. priority has been to end its

suspected nuclear weapons program under an October 1994 agreement. Reflecting that priority, the administration did not begin formal discussions with North Korea on ending its missile sales to Iran until April 1996. Concerned about U.S.-China trade and other bilateral issues, the administration has declined to sanction China for reported sales of missile guidance components to Iran and deliveries to Iran of C-802 and C-801 anti-ship cruise missiles. Some sanctions were imposed in mid-1997 against Chinese firms believed to be providing chemical equipment to Iran that could be used for weapons programs. In practice, therefore, although administration officials maintained that dual containment did not imply "duplicate containment," the dual containment policy became "monocontainment" of Iraq only.

As a result of "monocontainment," Iran has grown progressively stronger in relation to the heavily sanctioned Iraq. This has alarmed those Gulf states, such as the UAE, that perceive a more direct threat from Iran than from Iraq. These states believe that Iran, unchecked by waning Iraqi power, has sought to flaunt its recent conventional military acquisitions in an effort to intimidate the GCC states and separate them from their protector, the United States. If this is Iran's intent, it might be succeeding to some degree. The Saudis have implied Iranian involvement in the June 1996 Khobar Towers bombing near Dhahran. However, perhaps because they fear Iranian retaliation if the United States attacks Iran, the Saudis improved relations with Iran in 1997.

U.S. officials, including Defense Secretary Perry and his successor, William Cohen, and former Joint Chiefs of Staff Chairman Shalikashvili have sought to shore up nervous allies by publicly highlighting Iran's conventional military exercises and systems tests in the Gulf and reiterating the U.S. commitment to the security of the GCC states. Such public statements signal the insertion of the Gulf anti-hegemon—the United States—into the equation. Iran has been essentially put on notice that the United States will

obstruct its drive for hegemony just as the United States opposes Iraq's.

The dual containment policy has run into difficulty on other fronts as well. As originally conceived, dual containment was advertised as a means of insulating the Arab-Israeli peace process from radical Islamic terrorism sponsored by Iran.<sup>7</sup> In theory, the dual containment policy would deny Iran the revenues with which to continue sponsoring radical anti-peace process groups such as Hizballah, Hamas, and Palestinian Islamic Jihad (PIJ). However, because dual containment has been unilateral rather than international, Iran has been able to continue generating the revenues to continue payments of about \$100 million per year to Hizballah and several million more to Hamas, PIJ, and other groups.<sup>8</sup>

Because Iran sees the United States as unwavering in its support for Israel and its hostility toward Islam, Iran appears to have redoubled its efforts to derail the peace process. At several key stages, Iranian-sponsored aggression has nearly succeeded in accomplishing that objective. Hizballah escalations against Israel in July 1993 and April 1996 led to significant Israeli counteroffensives, Operation Accountability and Operation Grapes of Wrath, respectively. On both occasions, the clashes almost brought Israeli and Syrian troops into conflict, and they necessitated U.S. intervention to establish a ceasefire and, in the latter case, a formal understanding not to attack in civilian areas. Hamas and PIJ were able, on several occasions during 1994, 1995, and 1996, to carry out major bombings inside Israel that resulted in the deaths of Israeli civilians. The four 1996 bombings (February and March) in Israel that killed 65 people may have been meant to slow the peace process by facilitating the election of Likud leader Benjamin Netanyahu. The peace process has not completely broken down since Netanyahu's election, but most observers agree it has slowed substantially, despite the January 15, 1997, agreement on Hebron.

## **Enhanced Dual Containment.**

The Iranian buildup in the Gulf and continuation of anti-peace process terrorism apparently convinced the administration to move toward a purer form of dual containment. In November 1994, one month after a major Hamas bombing in Tel Aviv, the administration reportedly began a review of U.S. policy toward Iran. The completion of the policy review in March 1995 resulted in a decision to significantly increase U.S. pressure on Iran. In March 1995, following an announcement that a U.S. oil company, Conoco, Inc., would develop an Iranian oil field off Sirri Island, the administration banned such U.S. investments in Iran. Conoco pulled out of the deal, only to be replaced almost immediately thereafter by Total SA of France. On May 6, 1995, President Clinton banned U.S. trade and investment in Iran by executive order. The intention of the trade ban was largely to undercut allied arguments that they should continue to deal with Iran because the United States itself had substantial economic relations with that country.<sup>9</sup> In late 1995, apparently frustrated that no major industrialized country had joined the U.S. trade ban, the administration gave its backing to a Senate bill (S.1228) that would sanction foreigners that make significant investments in Iran's (or Libya's) energy industries. The House version of the bill (H.R. 3107) was stronger than the Senate version and the final bill (P.L. 104-172) signed by the President on August 5, 1996, was close in substance to the House bill.

By instituting new sanctions, the United States signaled that it wanted to isolate Iran to the same degree as Iraq, as those who conceived the policy had originally designed. However, political realities continued to throw obstacles in the way of a hermetic isolation of Iran. With U.S. allies and others committed to engaging Iran, and in the absence of any clearly and widely recognized Iranian violations of international law, there was not sufficient support in the U.N. Security Council for comprehensive sanctions similar to those in place against Iraq.



## **Gulf Policy Under Pressure.**

In addition to the difficulties in implementing dual containment, U.S. policymakers appear to have recognized the inherent risks of the policy. The United States has had to deploy significant resources in the Gulf to enforce the dual containment policy, and some U.S. military officials believe U.S. resources could be severely strained in the event of a major crisis in the Gulf and a simultaneous crisis in another world region.<sup>10</sup> About 20,000 U.S. troops are in the Gulf region absent a crisis, but those numbers grow significantly when exercises are held or potential crises develop. About 200 U.S. land and sea based aircraft in the Gulf conduct overflights of southern Iraq (about 80 overfly northern Iraq from bases in Turkey).

The Gulf requires the almost constant presence of a U.S. carrier task force, which is increasingly difficult to provide given U.S. military cutbacks. Because carrier task forces can be present in the Gulf only about 9 months out of the year, the United States has increasingly sought to cover this gap by sending so-called "Air Expeditionary Forces" (AEF) to Gulf state hosts. In the Gulf, Bahrain and Qatar have thus far hosted temporary U.S. aircraft deployments. Other U.S. ships play a leading role in the Multilateral Interdiction Force (MIF) that enforces the international embargo against Iraq and searches ships for contraband exports to Iraq.

Extra resources have been needed to monitor a gradual but significant Iranian military buildup on several Gulf islands, some Iranian, some claimed by the UAE. For example, since Iran began taking delivery of Russian Kilo-class submarines in 1993, the U.S. Navy has sent additional minesweepers to the Gulf and devoted ships and personnel to tracking the subs. In May 1996, Britain and the United States held their first joint exercises in the Gulf, in which both countries used their nuclear powered submarines.<sup>11</sup>

Part of the dual containment strategy has been to sell arms to the GCC states.<sup>12</sup> The GCC states, however, appear to have acknowledged that they cannot maintain previous

levels of arms purchases. New Saudi arms agreements during 1991-94 were only two-thirds of the total agreed to during 1987-90, and, in 1994, the Saudis were compelled to work out a "stretch out" payment arrangement with the United States in order to complete purchases already agreed to. Bahrain, the budget of which increasingly depends on Saudi generosity, and Oman, did not place major arms orders as a result of the war because of insufficient funds. Kuwait increased its purchases as a result of the Gulf war, but its economy was the most affected by the crisis and its purchases have begun to slow. Kuwait pays the costs of joint exercises with the United States (about \$13 million per exercise) and its investment reserve fund has decreased from a pre-war high of about \$100 billion to about \$40 billion now. The UAE, which still has oil for about 100 years, and Qatar, which might experience an economic boom from the development of its natural gas supplies, were the two states with the largest increase in purchases as a result of the Gulf war, but both states started from a low purchase base.

As a by-product of dual containment, the United States has eased into a subtle but unmistakable security guarantee to Jordan, detectable in statements by U.S. officials, debt relief, aid increases, and the provision of U.S. F-16s to Jordan.<sup>13</sup> Such a guarantee is consonant with U.S. interests when Jordan is threatened by Iraq, but might easily create a significant policy dilemma in the future event of a conflict between Jordan and the Palestinians, Saudi Arabia, or Syria, let alone Israel.

Given the strategic importance of the Gulf, the above costs of the dual containment policy are probably justified. For the Gulf states as well, substantial costs and risks are justified because their national security is threatened. A more crucial question, however, is whether the growing U.S. presence in the Gulf is creating or helping radical Islamic opposition forces in the GCC states. Successive U.S. administrations have varied in their degree of support for Gulf democratization, but all have sought to prevent the U.S. presence from serving as a rallying point for violent

Islamic or nationalist movements. To the extent possible, U.S. policymakers have tried to strike a balance between accomplishing security objectives and maintaining a profile low enough to avoid domestic unrest.

The key question is—how does the United States know the point at which its presence is likely to become a domestic liability for the Gulf rulers? We can define the U.S. military saturation point as the point at which open domestic opposition to the U.S. presence begins. The November 13, 1995, bombing in Riyadh of the U.S.-run military training center for the Saudi National Guard was widely interpreted as the first such sign of saturation in Saudi Arabia. The four alleged perpetrators confessed to some outside ideological influences, including that of dissident Saudi exile Usama bin Ladin, but they do not appear to have been acting on behalf of a foreign power.<sup>14</sup> The June 25, 1996, bombing of the Khobar Towers military housing complex in Dhahran killed 19 Americans and caused the United States and Saudi Arabia to agree to relocate U.S. forces outside urban areas, such as to Prince Sultan Air Base in al-Kharj. Press reports suggest that the bombing was conducted by Saudi Shiite radicals inspired by Iran and Lebanese Hizballah. Bin Ladin, who is supported by a network of Saudi radicals and other Arabs he helped sponsor in the Afghan war against the Soviet Union, has openly called for further attacks on U.S. troops in Saudi Arabia but he has denied involvement in Khobar. The bombing also appears to have led to a U.S. reevaluation of prepositioning armor to outfit a third U.S. brigade inside Gulf states. One brigade's worth of armor is prepositioned in Kuwait and another is in the process of being placed in Qatar.

It is perhaps surprising that, of all the Gulf States, Saudi Arabia has been the most careful to limit the perception of a close military relationship with the United States. It is the only one of the six GCC states that has refused to sign a formal defense pact with Washington, and it has repeatedly rebuffed U.S. efforts to preposition a brigade's worth of armor there. In Kuwait, where the relationship with the United States is the most open, some

signs of radical opposition to the U.S. presence began to appear in 1996, when a Shiite cleric elected to Kuwait's National Assembly in October openly called for U.S. troops to leave Kuwait. Specific threats against Americans or American installations in Kuwait were reported in October 1996 and August 1997.<sup>15</sup> Bahrain has been rocked by largely Shiite inspired unrest since December 1994, and, there too, some Shiite anger, particularly in the more radical pro-Iranian wing of the opposition, has begun to be directed against the U.S. presence in Bahrain.<sup>16</sup>

The United States probably should not adjust its Gulf policy because of a limited number of attacks on U.S. installations and a few threats by radical groups in the Gulf. However, should the perception take hold throughout the Gulf that the Gulf leaders depend on U.S. protection, or have sold out their traditional values to accommodate the United States, existing regimes could come under more serious threat. The Shah of Iran was overthrown partly because he was perceived as forfeiting Iranian sovereignty to the United States; the same fate could befall any of the Gulf regimes. Radical Islamic opposition movements, particularly in Saudi Arabia, have exploited this issue. UAE leaders, believing that a perceived loss of sovereignty could erode their legitimacy, demanded a renegotiation of the status-of-forces provisions of the U.S.-UAE defense cooperation agreement of 1994. The United States will not be able to claim success at containing Iran if the U.S. presence designed to achieve that containment provokes the formation of radical Islamic regimes in the GCC states.

In addition to the potential for creating Gulf instability, the United States has had to expend significant political capital to try to persuade its allies and others to adopt, or at least not undermine, the dual containment strategy. Differences on Iran have clouded the agendas of U.S.-European meetings and exchanges for at least 4 years. U.S. allies have maintained that the United States can best contain Iran by undertaking a unified dialogue with Tehran, rather than pressing the allies to adopt policies toward the country that they oppose. The Europeans and

Japanese have loudly criticized U.S. sanctions against foreign companies that invest in Iran's energy sector (the Iran-Libya Sanctions Act [ILSA] signed August 5, 1996), arguing that such sanctions amount to an extraterritorial application of U.S. law and restraint of free trade. The European Union has enacted some blocking legislation to counter ILSA, and some European governments, such as France, have indicated they would not take steps against their firms that negotiate investments in Iran that run counter to ILSA.

The April 10, 1997, German court verdict that Iran's leadership was responsible for the September 1992 assassination of a Kurdish dissident in Berlin briefly brought European sentiment on Iran marginally closer to that of the United States. However, the effect of the verdict was quickly overtaken by the surprise victory of Mohammad Khatemi, a relative moderate, in Iran's May 23, 1997, presidential election. That outcome has led Germany and other EU members to seek to rebuild their relations with Iran.

### **The Need for an End-stage Policy.**

Even if the costs and risks of dual containment remain constant, U.S. policymakers appear to hope that a less labor-intensive policy can eventually replace it. At the 1995 Soref Symposium of the Washington Institute for Near East Policy (the same forum in which dual containment was articulated 2 years earlier), several panelists presumed familiar with administration thinking indicated that dual containment was an "interim" policy. None spelled out what the objectives or content of an end-stage U.S. policy might be, but they were probably implying that dual containment would be rendered obsolete if Saddam Hussein or the clerical regime in Iran, or both, were overthrown.

If it was designed as an interim policy, can dual containment succeed to the point at which it becomes obsolete? The success or failure of dual containment hinges on whether or not the policy can eventually produce

stability in the Gulf security structure. Stability can be defined as an ongoing state of non-violent interactions among the actors within the Gulf security system—and between the Gulf states and other nations—without requiring U.S. or other outside intervention. Dual containment could produce stability if it were to achieve either of two possible objectives: (1) the effective weakening of Iran or Iraq to the point where neither poses a military or strategic threat to their neighbors or to any U.S. foreign policy interests, or (2) the overthrow of the rulers in Iran and Iraq in favor of regimes willing to abandon ambitions of hegemony.

There are no guarantees that dual containment can achieve either of these outcomes. The U.N. Special Commission on Iraq (UNSCOM) has been successful in preventing Iraq from rebuilding its former strategic weapons capabilities. However, even without the ability to purchase new conventional arms, Iraq is still sufficiently capable militarily that U.S. troop infusions are required when Saddam moves Iraqi forces near Iraq's borders. Two recent flare-ups—the August 1995 defection of Saddam's high ranking son-in-law to Jordan and Iraq's incursion into northern Iraq in support of the Kurdish Democratic Party in August 1996—induced U.S. precautionary military countermoves and, in the later case, U.S. cruise missile strikes on Iraq. At about half its pre-Gulf war conventional strength, Iraq is still considered more capable militarily than Iran, which is under no comprehensive international arms restrictions. Iran and Iraq are each more capable than the combined strength of the GCC states.

Lacking sufficient numbers of qualified military manpower, GCC military modernization programs are unlikely to bring the GCC states (even collectively) to overall military parity with either Iran or Iraq in the foreseeable future. Iran, even if its weapons of mass destruction and conventional modernization programs were halted, would be able to intimidate the Gulf states by backing or building ties to Islamic opposition movements within those countries, including the increasingly active

local Hizballah organizations. Iran's ability to strike at the Gulf states far exceeds computations of conventional military balance. In sum, it will be difficult for dual containment, as implemented, to induce stability sufficient for the United States to relax from its constant state of alert in the Gulf.

If the desired outcome is to induce politically significant regime change in either of the claimants for Gulf hegemony, it is difficult to see how this can be accomplished. Both regimes have proved far more resilient than expected. A large majority of observers of Iranian politics believe that the Iranian people have no enthusiasm for another revolution, and there are indications that the political system in Iran is becoming more open in response to popular demands for change. The role of clerics in government affairs might wane, but the clerical domination of the regime does not appear threatened. Although complaints about the regime's handling of the economy have grown louder, most Iranians give the regime credit for keeping its most fundamental promise—to deliver Iran from dependency on or control by great powers. The May 23, 1997 presidential election in Iran, the first true presidential contest under the Islamic republic, was perceived by Iranians as free and fair, and further undermined opposition elements that challenge the legitimacy of the regime.

Saddam Hussein has proven as difficult to displace. His brutal governing methods are widely despised throughout and outside Iraq. However, in a Gulf security structure that necessitates competition, a decisive core within Iraq appears to believe that the fractious communities in the country need to be held together—and the country defended—by a strong leader. His support base perceives that he transformed Iraq into the most advanced technological power in the Arab world and defeated an all-out Iranian effort to overwhelm Iraq. Although Iraqis have been reported to believe invading Kuwait was disastrous for Iraq (and the region), many Iraqis agree with Saddam that the Gulf states, in the aftermath of the Iran-Iraq war, were

insufficiently "grateful" to Iraq for guarding the Arabian Peninsula from a potential Persian onslaught. As are the clerics in Iran, Saddam is credited in Iraq with resisting the temptation to bow to the pressures and influences of great powers.

Continued infighting among the two main Kurdish parties has not helped Saddam's opponents make the case that Iraq would be better off without Saddam, and Iraq's participation in the temporary U.N. oil sale plan outlined in U.N. Security Council Resolution 986 (April 1995) has improved Saddam's grip on power. Recognizing that the window for ridding Iraq of Saddam might be closing, other regional leaders, including Saddam's erstwhile rival Hafez al-Assad of Syria, have begun to deal with him openly. Short of direct U.S. military action, it is not certain even a major and sustained U.S. covert action campaign could succeed in overthrowing him and the Ba'th regime.

It is not certain that overthrowing these regimes would eliminate hegemonic impulses in both countries, as long as an essentially adversarial Gulf security system remains in place. With or without Saddam, Iraq will be obsessed with the vulnerability of its narrow access to the Persian Gulf. Iraq has only about 40 miles of coastline and, as long as it fears Iran, it will always want access to or control of the uninhabited Kuwaiti islands of Bubiyan and Warbah. Those two islands would double Iraq's coastline and give it control of both banks of the Khor Abdullah waterway. Iraqis also believe that their control over what was the cradle of civilization, and their more recently discovered technological prowess, give them a natural right to major influence in the Gulf. In the absence of a cooperative Gulf security system, Iran believes that its large population, long Gulf coastline, and well-developed sense of nation gives it the right to dominate security arrangements in the Gulf.

### **Beyond Dual Containment.**

This line of inquiry concludes that U.S. policy should stop trying for stability through containment, and instead



should strive to produce a stable peace through cooperation. A possible route to achieving that goal could be to attempt to fundamentally restructure the Gulf security system from a competitive and adversarial system into one that rewards cooperation. Dismantling a system that rewards hegemony should ultimately lead to an absence of hegemonic regimes in Iran and Iraq. This is a corollary of a systems-based analysis of the Gulf.

Few would advocate an abrupt shift away from the dual containment concept, because dual containment can protect U.S. interests as efforts are undertaken to transform the Gulf security structure to a cooperative system. However, planning should be ongoing for a new Gulf strategy that might eventually alleviate the need to isolate Iran and Iraq.

If there is agreement that attempting to create a cooperative Gulf system is desirable, then the United States should develop a comprehensive peace process which would address, head on, the roots of the Iranian and Iraqi ambitions for Gulf hegemony. Iranian and Iraqi perceptions of U.S. awareness of their concerns could set the stage for a lessening of tensions in the Gulf. As potential hegemons, both Gulf powers strive first and foremost for respect, and some of their actions against the United States have been intended, at least partly, to move the United States toward dealing with them as important international actors. Both are as fascinated with the United States as they are hostile.

A successful process to transform an adversarial system into a cooperative system requires dialogue among all parties to that system. Classic balance of power theory requires that any actor be able to deal with *any* other actor. A cooperative system requires that all actors be able to deal positively with *all* other actors. It is perhaps surprising that this most fundamental requirement of a cooperative system has, to some extent, already been met. Now pitted against the United States rather than each other, Iran and Iraq have improved relations in the past 2 years. The GCC states, to differing degrees, maintain relations with Iran. Iran's relations with Qatar and Oman have been

particularly good, and its relations with some of the others, particularly Kuwait, are improving. Saudi-Iranian relations improved in 1997 and both the UAE and Bahrain—the two countries most concerned about Iran's intentions—maintain trade and diplomatic contacts with Iran. Iraq, however, has few prospects for a dialogue with Saudi Arabia or Kuwait. The ethnic and racial divisions among states in the Gulf are nowhere near as deep as those dividing Arabs from Israelis, and the territorial disputes in the Gulf are not mutually exclusive as are those between the Israelis and the Palestinians.

The Gulf anti-hegemon, the United States, has no relations with either Iran or Iraq. If the United States were to embark on an initiative to transform the Gulf security structure, it would need, at some point, to establish a formal dialogue with both local powers, and welcome dialogue between Iraq and Saudi Arabia and Kuwait. A comprehensive U.S. effort to transform the Gulf security structure might provide a strategic context for U.S. statements that it welcomes an openly acknowledged dialogue, with no preconditions, with an authoritative representative of Iran. Currently, such a dialogue would run counter to the dual containment philosophy and might stimulate some of the GCC states, such as Bahrain and the UAE, to argue for a tilt towards Baghdad. Such realignments would validate the basic principles of systems analysis—an adjustment in any one sector of the system inevitably produces change throughout the system. In the case of Iraq, a U.S.-led multilateral peace effort would lend strategic significance to U.S. efforts to obtain Iraqi compliance with ceasefire resolutions. On the other hand, given Saddam's untrustworthiness, it is reasonable to expect that a U.S. multilateral effort could begin in earnest only after Iraq has complied with relevant U.N. resolutions, even though planning or exploratory steps for such an initiative could begin while Saddam is still in power.

If the United States were to embark on a comprehensive peace initiative in the Gulf, is there anything to suggest that Iran or Iraq would want to participate in the discussions?

Both Iran and Iraq would undoubtedly suspect U.S. intentions, believing that the U.S. initiative represented a disguised attempt to entrench its own Gulf hegemony. Both would undoubtedly demand an early easing of U.S. and international sanctions as a condition of their participation in a regional peace process.

Even if their opening demands are unmet, there is substantial incentive for Iran and Iraq to enter a Gulf peace process. Iraq would see the process as a means to erase the international isolation it has endured as a result of its invasion of Kuwait. For the Iranians, it is possible that a multilateral forum would represent a less politically controversial means by which to engage in discussions with the United States than the taboo bilateral framework frequently mentioned by both sides. Iran itself is on record as supporting a regional security dialogue such as that suggested, although without U.S. participation. At the September 1994 U.N. Disarmament Conference and the opening of the U.N. General Assembly session in New York later that month, Iran proposed the creation of a Persian Gulf "forum to review and develop confidence-building measures compatible with the requirements of the region."<sup>17</sup> Like their Iranian counterparts, Omani leaders have said publicly that peace in the Gulf can come only from a regional agreement among all the Gulf states,<sup>18</sup> and that isolating Iran or Iraq would not bring peace to the Gulf.<sup>19</sup> It should be noted that both Iran and Iraq accepted U.N. Resolution 598 settling the Iran-Iraq war; that resolution provided for U.N.-sponsored talks on Gulf security.

It is difficult to formulate ideas and suggestions that would ultimately lead to security arrangements and other agreements that satisfy all parties simultaneously. An overarching framework might begin with the establishment of multilateral working groups along the lines of those operating under the Arab-Israeli peace process. An alternative is to integrate Iran and Iraq into the existing Arab-Israeli multilateral talks, although it is difficult to envision Israel and Iran sharing a negotiating table. Some observers, such as British Foreign Secretary Malcolm

Rifkind, in a November 1996 speech in Abu Dhabi, have suggested the formation of a regional organization modeled after the 52-member Organization on Security and Cooperation in Europe (OSCE).<sup>20</sup> Another possibility is the holding of an international conference, which could adopt a framework similar to that of the U.N. Conference on the Law of the Sea.<sup>21</sup>

### **Security Issues.**

If a framework consisting of the GCC states, Iran, Iraq, and the United States were adopted, it is easy to envision a working group, or two separate groups, discussing conventional weapons and weapons of mass destruction (WMD). The objective of the working group would be to curb aggressive impulses by Iran and Iraq by convincing them that no one Gulf state can acquire the means to achieve hegemony. Existing multilateral regimes (the Nuclear Nonproliferation Treaty, the Chemical Weapons Convention, and the Biological Weapons Convention) have too many flaws to rely on in the case of the Gulf.<sup>22</sup>

An alternate, and in many ways more effective proposal (from the U.S. standpoint) might be to transform or clone the U.N. Special Commission on Iraq (UNSCOM) into an organization that would monitor WMD programs in all eight Gulf countries. UNSCOM is a useful model because its inspectors have had unprecedented privileges to conduct inspections and gather information in Iraq. It has also set up a long-term monitoring program to conduct constant surveillance of facilities that could be used to produce WMD. Even though the GCC states have no chemical, biological, or nuclear programs, the extension of WMD monitoring to all Gulf states would prevent Iran and Iraq from arguing that they are being singled out. Expanded UNSCOM efforts would also ease U.S. and GCC security concerns.

A related option is to expand the technology import monitoring mechanism adopted for Iraq in March 1996 (Security Council Resolution 1051) to all eight Gulf countries. The mechanism is intended to help UNSCOM

ensure Iraq does not rebuild its WMD programs once it is again allowed to import freely. However, such a mechanism would probably be particularly effective when applied to countries, such as Iran, that do not yet possess WMD programs as advanced as those of prewar Iraq.

Discussions on conventional arms control might include proposals for mutual observations of each country's military exercises and weapons production and emplacement, as well as determination of security needs, and arms purchase transparency. The establishment of this working group recognizes that Iraq's aggression in the Gulf has relied primarily on its conventional strength, even if its WMD capabilities have generated the more recent focus of long-term concerns about Iraq. It is in this working group that the ultimate size and shape of the U.S. presence—an issue of vital importance to Iran and Iraq—could be discussed. Each party will likely understand that, even if a Gulf peace process succeeds, U.S. forces might be needed to guarantee agreements reached. Iran and Iraq might accept a U.S. presence in the Gulf in this context, in contrast to their current rejection of the U.S. presence that they perceive is intended primarily to isolate them.

The United States already has recognized the necessity of controlling conventional weapons in the Gulf. In May 1991, President Bush proposed a Middle East arms supplier restraint regime. The five permanent members of the Security Council, who jointly account for more than 80 percent of arms transfers, held talks on that objective. However, little was achieved beyond prescribing arms supply guidelines and voluntary information sharing among suppliers of arms transfers to the region.<sup>23</sup> It should be noted that Iran has, albeit belatedly, submitted information on its arms imports for each of the first 3 years of the U.N. Arms Register, established by a U.N. General Assembly resolution in December 1991.

## **Economic Development.**

Another working group might discuss regional technological development. These discussions might ultimately provide Iraq a more acceptable outlet through which to demonstrate its technological prowess. The group could broaden its mandate to include economic development issues in general, in an effort to blunt Iran and Iraq's resentment of GCC per capita oil wealth. Although it is not the responsibility of the GCC states to transfer wealth to Iraq or Iran, it is possible that mutually beneficial economic development projects could be designed, drawing on the greater available start-up capital reserves of the GCC states. A potential outcome might be to revive the Arab Industrialization Organization, but with a narrower focus on the Gulf states. An alternative focus could be placed on accelerating privatization, a need all eight Gulf states share.

## **Internal Security.**

A working group on internal security issues would be intended primarily to end Iranian support for radical opponents of incumbent Gulf regimes and the Arab-Israeli peace process. On this issue, Iraq has much in common with the GCC states because Iraq has been subjected to Iranian efforts to support radical Shiite Islamic movements in southern Iraq and anti-Baghdad Kurdish groups in the north. The incentive for Iran to end its support for radical groups in the Gulf depends on its perceptions of gain on other issues, particularly economic development and security. Iraq could be helpful in this working group if it offered to end its backing for the Iranian opposition People's Mojahedin Organization.

## **Territorial Issues.**

A Gulf peace process would need to include a working group on border disputes, access to the Gulf, and disputes over claimed or coveted resources and islands. Many of these issues hinge on complex historical and legal

arguments, and one idea might be to formally enlist the help of the International Court of Justice (ICJ). Several of the countries that would participate in the Gulf peace process have already recognized the legitimacy of the ICJ by filing cases before it or calling for the ICJ to resolve its disputes. The UAE has called for the ICJ to arbitrate its sovereignty disputes with Iran over Abu Musa and the two Tunb islands, and the ICJ has said it has jurisdiction in the dispute between Bahrain and Qatar over the Hawar Islands. Although Iran has rejected turning the Gulf islands disputes with the UAE to the ICJ, Iran has filed motions with the ICJ on responsibility for the July 1988 U.S. downing of Iran's passenger jet and U.S. attacks on Iranian oil platforms during 1987-88. An alternative could be to enlist the United Kingdom to chair this working group, since it played a substantial role in determining many of the borders and territorial questions now in dispute in the Gulf.

One possible outcome of this working group might be the demilitarization and multilateral use of disputed or coveted islands in the Gulf. Iraq's often belligerent drive to ensure its access to the Gulf, as well as the Iran-UAE Gulf islands dispute, might be resolved by such an outcome. Iran and the UAE set a precedent for territorial sharing with their 1971 agreement to share control over Abu Musa, although Sharjah was under pressure from Iran to sign the agreement and Iran's actions on Abu Musa since 1992 appear to have overstepped that agreement. The Iraq-Kuwait border, demarcated by a U.N. Boundary Commission established pursuant to the 1991 Gulf war ceasefire, would probably not need further discussion, since the post-Gulf war demarcation represented a border that Iraq and Kuwait had mutually agreed to in 1963.

## **Conclusion.**

Any set of ideas might be judged workable or unworkable, but some thought might be given to a new paradigm for U.S. policy in the Gulf that attempts to promote peaceful cooperation. The costs and risks to the United States of dual containment, or any policy that

preserves the essentially adversarial character of the Gulf security system, are likely to increase rather than diminish over time. Of course, the issue of trust is a major concern to the United States and the Gulf states, and Saddam, in particular, has shown a willingness to abrogate past agreements. However, a successful peace process is one that creates a reinforcing nexus of interests in that process' success.

The unexpected outcome of Iran's May 1997 presidential election has brought some indication that the Clinton administration might want to improve relations with Iran, although there is no indication the administration is considering the framework discussed above. Administration officials from Clinton down called Khatemi's election and his subsequent overture over U.S. television a "hopeful" sign although they have added that U.S.-Iran relations could not improve unless Iran changes its unacceptable international behavior. The administration might believe that unremitting hostility toward Iran has set back other objectives, such as containment of Iraq and economic development in Central Asia, and was meeting too much resistance from U.S. allies. However, a U.S.-Iran dialogue is unlikely if it is demonstrated conclusively that Iran was involved in the June 1996 Khobar Towers bombing, a conclusion which could precipitate U.S. military action against Iran.

As noted earlier, a U.S.-Iran dialogue—in the absence of a similar dialogue between the United States and Baghdad—would likely be perceived in the Gulf as a tilt toward Iran and a return to the previous strategy of alternately favoring Iran or Iraq. That policy was rejected by the Clinton administration because it proved impossible to calibrate the balance between Iran and Iraq, and it is not clear that such a strategy would be more successful now. It is yet possible that policymakers will ultimately conclude that the way out of the unending security dilemma in the Gulf is to try to fundamentally restructure the Gulf from what has been, for almost three decades, a crisis-prone adversarial system into a system based on peaceful



cooperation. One way to try to bring about that transition would be to organize a dialogue among all eight Gulf states, plus the United States, with all issues on the table for discussion.

## ENDNOTES

1. Some of the themes in this article have been discussed by the author previously in *Middle East Insight*, November 1995, and the Emirates Occasional Paper Series, December 1996, in articles titled "Beyond Dual Containmentment."

2. A discussion of systems-level approaches to international relations can be found in Kenneth Waltz, *Theory of International Politics*, Reading, MA: Addison-Wesley, 1979.

3. The dual containment policy was articulated in a speech by then National Security Council Senior Director for the Near East Martin Indyk before the Soref Symposium of the Washington Institute for Near East Policy. The text can be found in the proceedings of the symposium, *Challenges to U.S. Interests in the Middle East: Obstacles and Opportunities*, May 18-19, 1993, Washington: Washington Institute for Near East Policy, pp. 1-8.

4. *Ibid.*

5. At a July 23, 1993 hearing, 2 months after the Martin Indyk speech articulating the policy, Assistant Secretary of State for Near Eastern Affairs Edward Djerejian passed up several opportunities to characterize U.S. Gulf policy as dual containment. U.S. Congress, House of Representatives, Committee on Foreign Affairs, Subcommittee on Europe and the Middle East, "Developments in the Middle East: July 1993," Hearing, 103rd Congress, 1st Session, Washington: U.S. Government Printing Office, July 27, 1993.

6. Anthony Lake, "Confronting Backlash States," *Foreign Affairs*, Vol. 73, No. 2, March/April 1994, pp. 45-55.

7. Speech by Martin Indyk to the 1993 Washington Institute Soref Symposium.

8. These amounts were cited by Secretary of State Christopher in a speech to the Washington Institute for Near East Policy's Soref Symposium, Washington, DC, May 21, 1996.

9. At the point when the trade ban was instituted, U.S. oil companies were purchasing about 25 percent of Iran's oil exports for

sale overseas. Iranian crude oil imports to the United States had been banned since October 1987, following U.S.-Iran skirmishes in the Gulf.

10. Rowan Scarborough, "Perry Questions Plan To Defend Gulf Area," *Washington Times*, January 5, 1996, p. A1.

11. Christine Hauser, "Britain, U.S. Hold Nuclear Sub Exercise in Gulf," *Reuters*, May 9, 1996.

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13. Testimony of Deputy Assistant Secretary of Defense Bruce Riedel before the House International Relations Committee, March 14, 1996.

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15. Inal Ersan, "Warning Prompts U.S. Precautions in Kuwait," *Reuters*, August 27, 1997.

16. Elaine Sciolino, "Terrorist Threat in Bahrain Prompts U.S. Military Alert," *New York Times*, April 8, 1997.

17. Text of the statement by Iran's Foreign Minister Ali Akbar Velayati before the 49th session of the U.N. General Assembly, New York, September 26, 1994.

18. Interview with Omani Minister of State for Foreign Affairs Yusuf bin Alawi bin Abdullah, published in *al-Hayat*, January 24, 1993.

19. Interview with Sultan Qaboos in *al-Hayat*, as quoted in *Reuters*, May 28, 1996.

20. David Gardner, *Financial Times*, November 5, 1996, p. 9. See also Alfred Prados, "Persian Gulf Region: U.S. Post-War Security Interests," *Congressional Research Service Report 93-586 F*, June 11, 1993.

21. Lawrence Tal, "Let's Decide Who Owns What in Gulf, Red Sea," *Christian Science Monitor*, February 21, 1996, p. 19.

22. A discussion of the problems in enforcing these regimes is contained in Eric Arnett, *Iran: Threat Perception and Military*

*Confidence-Building Measures*, Stockholm: Stockholm International Peace Research Institute (SIPRI), June 7, 1996, on Gulf2000 internet.

23. See Congressional Research Service Issue Brief 91113, "Middle East Arms Supply: Recent Control Initiatives," by Alfred Prados, updated regularly.

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